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Translated from original Georgian

JSC "International Insurance Company Kamara"
Financial Statements and
Independent Auditors' Report
For the year ended December 31, 2019

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Independent auditor's report

To the Shareholders and the Supervisory Board of JSC "Insurance Company Kamara"

Opinion

We have audited the financial statements of JSC "Insurance Company Kamara" (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code together with the ethical requirements that are relevant to our audit of the financial statements in Georgia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report for the year ended 31 December 2019, but does not include the financial statements and our auditor's report thereon. The management report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially consistent with the financial statements and with the regulatory requirements, or otherwise appears to be materially misstated based on our knowledge obtained in the audit. If, based on the work we perform on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Closer to you

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Malkhaz Ujmajuridze.

Malkhaz Ujmajuridze

For and on behalf of Nexia TA LLC

March 16, 2020

Tbilisi, Georgia





Closer to you

JSC "International Insurance Company Kamara"
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019
(In thousands of Georgian Lari)

	Notes	2019	2018
Gross premiums		3,244	2,885
Premiums ceded to reinsurers		-	(8)
Net premiums	7	3,244	2,877
Gross benefits and claims paid	8	(151)	(342)
Net change in insurance contracts liabilities		15	(25)
Net insurance claims and claims handling expenses		(136)	(367)
Income received by regression		16	194
Acquisition costs	9	(39)	(449)
Recovery of impairment allowance		28	-
Revenue from insurance contracts		3,113	2,255
Interest income	10	237	96
Interest expense	10	(8)	-
Other income		2	9
General and administrative expenses	11	(1,277)	(1,063)
Other operating expenses		(11)	(23)
Net foreign exchange rate effect on foreign currency	12	371	151
Profit before tax		2,427	1,425
Income tax expense	13	(364)	(230)
Net profit for the year		2,063	1,195
Other comprehensive income		6	-
Total comprehensive income for the year		2,069	1,195

These financial statements were approved and signed on behalf of management on March 16, 2020:


Eka Tsenteradze
General Director


Levan Eliauri
Financial Director

The notes on pages 9-31 are an integral part of these financial statements.

JSC "International Insurance Company Kamara"

Statement of Financial Position

As at 31 December 2019

(In thousands of Georgian Lari)

	Notes	31 December 2019	31 December 2018
Long-term assets			
Property, plant and equipment		13	17
Intangible assets	14	41	47
Deferred tax assets		1	2
Deferred acquisition costs		4	12
Right-of-use asset	15	97	-
Total long-term assets		156	78
Short-term assets			
Prepayments	16	24	35
Insurance claims	17	216	319
Receivables from regression		10	-
Amounts due from banks	18	6,995	4,542
Cash and cash equivalents	19	421	383
Total short-term assets		7,666	5,279
Total assets		7,822	5,357
Long-term liabilities			
Lease liability	20	14	-
Total Long-term liabilities		14	-
Short-term liabilities			
Insurance contracts liabilities	21	391	405
Current portion of lease liability	20	80	-
Tax liabilities	22	220	139
Trade and other payables	23	407	166
Total Short-term liabilities		1,098	710
Total liabilities		1,112	710
Equity			
Share capital	24	4,350	4,350
Additional paid-in capital		-	6
Retained earnings		2,360	291
Total equity		6,710	4,647
Total liabilities and equity		7,822	5,357

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JSC "International Insurance Company Kamara"

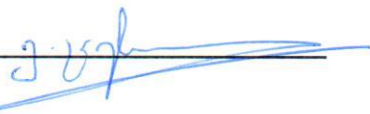
Statement of Changes in Equity


For the year ended 31 December 2019

(In thousands of Georgian Lari)

	Share capital (Note 24)	Additional paid-in capital	(Accumulated loss)/Retained earnings	Total
31 December 2017	3,650	6	(904)	2,752
Issue of share capital	700	-	-	700
Total comprehensive income	-	-	1,195	1,195
31 December 2018	4,350	6	291	4,647
Issue of share capital	-	-	-	-
Capital reduction	-	(6)	-	(6)
Total comprehensive income	-	-	2,069	2,069
31 December 2019	4,350	-	2,360	6,710

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 Eka Tsenteradze
 General Director


 Levan Eliauri
 Financial Director

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JSC "International Insurance Company Kamara"

Statement of Cash Flows

For the year ended 31 December 2019

(In thousands of Georgian Lari)

	2019	2018
Cash flows from operating activities:		
Insurance premiums	2,989	2,480
Regression received	34	170
Other operating income	272	(80)
Insurance claims paid	(28)	(282)
Acquisition costs paid	(31)	(348)
Salaries and benefits paid	(600)	(353)
Operating taxes paid	(435)	(189)
Administrative and other expenses paid	(215)	(307)
Interest received	226	98
Net cash flows from operating activities	2,212	1,189
Cash flows from investing activities		
Placement of bank deposits	(7,870)	(5,484)
Withdrawal of bank deposits	5,798	3,578
Purchase of intangible assets	(6)	-
Purchase of Property, Plant and Equipment	(2)	-
Net cash flows used in investing activities	(2,080)	(1,906)
Cash flows from financing activities:		
Proceeds from borrowings	-	49
Repayment of borrowings	-	(51)
Increase in share capital	-	700
Payment of lease liability	(70)	-
Net Cash flows (used in)/from investing activities	(70)	698
Exchange rate difference effect on cash and cash equivalents	(24)	59
Net change in cash and cash equivalents	62	(19)
Cash and cash equivalents at the beginning of the year	383	343
Cash and cash equivalents at the end of the year	421	383

These financial statements were approved and signed on behalf of management on March 16, 2020:

Eka Tsenteradze
General Director

Levan Eliauri
Financial Director

The notes on pages 9-31 are an integral part of these financial statements

JSC "International Insurance Company Kamara"

Notes to the Financial Statements

For the year ended 31 December 2019

(In thousands of Georgian Lari)

1. Corporate information

JSC „International Insurance Company Kamara“ (hereign after the „Company“) was founded and registered in tax authority on May 13, 2013. The company carries out insurance activity and provides motor own damage insurance, accident insurance, property insurance, liability and other types of insurance.

JSC International Insurance Company Kamara (the Company) is a Joint-stock company; before 7 December, 2015 the Company's legal form was Limited Liability Company. The Company was incorporated and is domiciled in Georgia under the laws and regulations of Georgia. The Company's factual and registered address is A. Kalandadze Str. #4, Tbilisi, Georgia

Nominal value of one share is GEL 1 (one). Number of shares is 4,350 (in thousands) as of 31 December 2019 and 31 December 2018.

As at December 31 2019 and 2018 shareholders of the Company are: Chetin Aidin (personal number 20692382642) – 61.00%, Husein Iaman (personal number 48838112892) – 39.00%. The shareholders of the Company are non-residents of Georgia.

The insurance license was given to the Organization on October 11, 2013, license certificate #NL013, issued by LEPL Insurance State Supervision Service of Georgia.

Governing body of the Company is supervisory board and the general assembly. Day to day activities of the Company are managed by general director of the Company. As at the years-end 2019 and 2018 general director of the company is Eka Tsenteradze.

2. Basis of preparation

General information

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

This is the first set of the Company's annual financial statements in which IFRS 16 "Leases" have been applied. Changes to significant accounting policies are described in Note 3. "significant accounting policies". The Company has applied the temporary exemption from IFRS 9 Financial Instruments and plans to have the initial application on 1 January 2022.

This financial information is presented in Georgian Lari ("GEL") rounded to nearest thousand, unless otherwise stated.

Going Concern

Management has prepared these financial statements on a going concern basis. In making this judgment management considered the Company's financial position, current intentions, the profitability of operations and if required access to local and international financial resources.

Management has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern for the following at least 12 months after reporting period.

3. Significant accounting policies

The following significant accounting policies used in the preparation of these financial statements consistently apply to all periods presented, unless otherwise stated.

Functional and presentation currency, foreign currency conversion

The functional currency of the Company is national currency of Georgia – Georgian Lari (GEL). Transactions in foreign currencies are initially recorded in the functional currency using the spot rate at the date of the transaction determined by National Bank of Georgia. Foreign currency monetary items at the reporting date are translated using the closing rate determined by National Bank of Georgia. All exchange differences arising on settlement are recognized in profit or loss.

The principal rate of exchange used for translating foreign currency monetary balances were as follows:

	31 December 2019	31 December 2018
1 USD/GEL	2.8677	2.6766
1 EUR/GEL	3.2095	3.0701

The weighted average rate during the year was as follows:

	2019	2018
1 USD/GEL	2.8192	2.5345
1 EUR/GEL	3.1553	2.9913

Basis of measurement

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

Reporting period

The Company's reporting period covers one calendar year: January 1 to December 31.

Changes in accounting policy

The Company has adopted the new accounting pronouncements, which have become effective from 1 January 2019, and are as follows:

IFRS 16 - Leases

"IFRS 16 – Leases" replaces "IAS 17-Leases" along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in the Company recognizing a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

3. Significant accounting policies (continued)

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 8%.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Insurance contracts

Insurance contracts are those contracts that carry significant insurance risk at the time of signing, or those contracts that contain, at the time of signing, a scenario of commercial content in which insurance risk can be significant. A significant amount of insurance risk depends on both the probability of the insured event occurring and the extent of its possible impact.

Once a contract falls under the category of insurance contracts, it remains an insurance contract for the remaining period, even if the insurance risk is substantially reduced during this time unless all rights or obligations are fulfilled or their term expires.

Insurance and reinsurance receivables

Insurance and reinsurance receivables are recognised based upon insurance policy terms and measured at cost. The carrying value of insurance and reinsurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with any impairment loss recorded in the statement of profit or loss.

Reinsurance receivables primarily include balances due from both insurance and reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognised as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

An impairment review is performed on all ceded share of technical provisions when an indication of impairment occurs. Reinsurance receivables are impaired only if there is objective evidence that the Company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

3. Significant accounting policies (continued)

Insurance contract liabilities

Insurance contract liabilities include the outstanding claims provision and the provision for unearned premium. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported (RBNS) or not (IBNR), together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. IBNR is calculated at the reporting date using past statistics.

The provision for unearned premiums (UPR) represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

General business contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. The liability is calculated at the reporting date using a range of standard claim projection techniques, based on empirical data and current assumptions. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognized. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Liability adequacy test

The adequacy of the liability is tested to determine whether the expected claims exceeds unearned premium (minus deferred acquisition cost).

Deferred acquisition costs

Deferred acquisition costs ("DAC") are capitalized and amortized on a straight line basis over the life of the contract. All other acquisition costs are recognised as an expense when incurred. Acquisition costs deferred consist of commissions to sales agents and brokerage companies assisting in policy issuance.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts and bank deposits that mature within three months from the date of origination and are free from contractual encumbrances.

Financial assets

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets upon initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortized cost using the effective interest method. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortization process. Regress and other receivables are recognised at their original invoiced value. Where the time value of money is material, receivables are carried at amortized cost.

3. Significant accounting policies (continued)

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expense will not be offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Allowances for impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the impairment loss is recognized in the statement of comprehensive income.

Assets carried at amortized cost

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not the foreclosure is probable. The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. When an asset is uncollectible, it is written off against the related allowance for impairment. Such assets are written off after all necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the charge for impairment of financial assets in the statement of comprehensive income.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognized where:

- ▶ The rights to receive cash flows from the asset have expired;
- ▶ The Company has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and

3. Significant accounting policies (continued)

The Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Leases

The Company as a lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets key evaluations which are whether:

- a) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- b) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

3. Significant accounting policies (continued)

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets can be included in property, plant and equipment or presented separately and lease liabilities can be included in trade and other payables or presented as a separate liability.

Property, plant, equipment and intangible assets

Property, plant and equipment are accounted at prime cost, to which cost of depreciation and impairment is deducted. This amount includes the cost of replacing part of the property, plant and equipment when this expense occurs if the recognition criteria are met.

Depreciation of the asset is calculated from date when asset is put in use. Depreciation is calculated on a straight-line basis over the estimated useful lives of the fixed assets.

The useful lives of fixed asset groups are as follows:

Asset Group	Useful Life in Years
Office Equipment	5
Vehicles	5

Acquired intangible assets are recorded excluding accumulated amortization and impairment.

Amortization of assets is carried at amortized cost using the straight-line method and is recognized in profit or loss. The useful life of the intangible assets is five to seven years. Amortisation periods and methods are reviewed annually and adjusted if appropriate.

Income tax

Income tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

3. Significant accounting policies (continued)

Deferred tax assets are recognised only to the extent that the Company considers that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction. Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Provisions and contingent liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is more probable than not.

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the statement of financial position but disclosed when an inflow of economic benefits is probable.

Share capital

Ordinary shares are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Income and expense recognition

Gross premiums and provision for unearned premiums

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums

Reinsurance premiums and provision for unearned premiums

Gross reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

3. Significant accounting policies (continued)

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Insurance claims

Insurance claims include all claims occurring during the year, whether reported or not, claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries (subrogation), and any adjustments to claims outstanding from previous years.

Impairment of non-financial assets

At each reporting date assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment and the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. Recoverable amount is higher of fair value less costs to sell and value in use.

Joint Arrangements: Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint operator shall recognise in relation to its interest in a joint operation: (a) its assets, including its share of any assets held jointly; (b) its liabilities, including its share of any liabilities incurred jointly; (c) its revenue from the sale of its share of the output arising from the joint operation; (d) its share of the revenue from the sale of the output by the joint operation; and (e) its expenses, including its share of any expenses incurred jointly.

4. Significant accounting judgments, estimates and assumptions

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Liabilities arising from insurance contracts

The estimation of the ultimate liability arising from claims is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for those claims.

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty. General insurance claims provisions are not discounted for the time value of money.

The ultimate cost of IBNR is estimated by using a range of standard actuarial claims projection techniques, such as Chain ladder method; the main assumption underlying this technique is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As

4. Significant accounting judgments, estimates and assumptions (continued)

such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed monthly development of past year and expected loss ratios.

Allowance for impairment of insurance receivables and reinsurance receivables

The company regularly reviews its insurance receivables to assess impairment. For accounting purposes, the Company uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognised when objective evidence of a specific loss event has been observed. Triggering events include significant financial difficulty of the customer and/or breach of contract such as default of payment. The amount of allowance is reduced by an amount of debt that the company has adequate reasons to believe will be recovered. Management judgment is that historical trends can serve as a basis for predicting incurred losses and that this approach can be used to estimate the amount of recoverable debts as at the reporting period end.

Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Extension options for leases

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. Management believes that their estimation regarding extension is adequate.

5. New standards and interpretations not yet adopted

IFRS 9 "Financial Instruments"

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The company has decided to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contracts standard (IFRS 17) of 1 January 2022, applying the temporary exemption from applying IFRS 9 as introduced by the amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 (the "deferral approach"). At its meeting in November 2018, the IASB tentatively decided to extend the use of the deferral approach to IFRS 9 for a further year, so that the eligible entities would only be required to apply IFRS 9 for annual periods beginning on or after 1 January 2022 at the latest. An entity may apply the temporary exemption from IFRS 9 if:

- (i) it has not previously applied any version of IFRS 9 before and

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5. New standards and interpretations not yet adopted (continued)

(ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

IFRS 17 "Insurance Contracts"

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

6. Adjustment of previous period classification

The Company has made certain reclassifications to the balances of the comparative figures for better presentation purposes, which do not represent an adjustment or correction of an error. The tables below summarised the total effect of reclassifications to prior period balances. The reclassifications have had the following effect on the statement of financial position as of December 31, 2018.

Effect on the statement of financial position:

31 December 2018	Original Statements	Reclassification	As reclassified
Amounts due from banks	4,648	(106)	4,542
Cash and cash equivalents	270	113	383
Accounts Receivable	7	(7)	-
Deferred tax liabilities	139	(139)	-
Tax liabilities	-	139	139
Tax assets	2	(2)	-
Deferred tax asset	-	2	2

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7. Net premiums

Net premiums for the years ended December 31, 2019 and 2018 comprise:

	2019	2018
Compulsory MTPL	2,262	1,733
Motor insurance	814	843
Guarantees related to state procurement and other liabilities	154	275
MTPL	7	10
Professional Indemnity Insurance	4	4
Land carrier liability insurance	2	5
Travel insurance	1	3
Property insurance	-	2
Other types of liability insurance	-	10
Total	3,244	2,885
Reinsurance costs	-	(8)
Net premiums	3,244	2,877

8. Gross benefits and claims paid

Gross benefits and claims paid for the years ended December 31, 2019 and 2018 comprise:

	2019	2018
Compulsory MTPL	123	60
Motor own damage insurance (motorcycle)	12	27
Guarantees related to state procurement and other liabilities	12	217
MTPL	2	-
Motor own damage insurance (automobile)	2	38
Total gross benefits and claims paid	151	342

9. Acquisition costs

Premium Acquisition costs by Products for the years ended December 31, 2019 and 2018 comprise:

	2019	2018
Guarantees related to state procurement and other liabilities	36	76
CMTPL	2	57
Professional Indemnity Insurance	1	-
Motor own damage insurance	-	313
Acquisition cost for other types of insurance products	-	3
Total acquisition costs	39	449

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10. Interest income and interest expense

Interest income for the years ended December 31, 2019 and 2018 comprise:

	2019	2018
Interest income in GEL	48	11
Interest income in USD	189	85
Total interest income	237	96

Interest income comprises interest accrued on deposits placed in banks. Interest expense represents the interest related to the lease liability and amounts to GEL 9 for the year ended December 31, 2019 (Nil for the year ended December 31, 2018).

11. General and administrative expenses

General and administrative expenses for the years ended December 31, 2019 and 2018 comprise:

	2019	2018
Salary and other benefits	737	494
Membership fee	273	303
Depreciation and amortization	89	26
Consulting costs	59	38
Supervisory fee	33	29
Audit fee	14	12
Rent expense	14	84
Utility costs	10	10
Business trips	8	3
Communication costs	8	9
Bank fees	5	6
Fuel expenses	5	12
Advertising costs	5	2
Other general and administrative expenses	17	35
Total general and administrative expenses	1,277	1,063

12. Net foreign exchange rate effect on foreign currency

The gain of exchange rate for years ended December 31, 2019 and 2018 comprise:

	2019	2018
Foreign exchange gain	653	473
Cash and cash equivalents	19	78
Amounts due from banks	599	353
Insurance receivable	35	37
Trade and other liabilities	-	5
Foreign exchange loss	(282)	(322)
Cash and cash equivalents	(43)	(19)
Amounts due from banks	(229)	(279)
Insurance receivable	(10)	(8)
Trade and other liabilities	-	(16)
Net foreign exchange gain	371	151

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13. Income tax

Corporate Income tax for the year ended December 31, 2019 and 2018 comprise:

	2019	2018
Current profit tax expense	(363)	(139)
Deferred income tax expense	(1)	(91)
	(364)	(230)
	2019	2018
Profit before tax	2,427	1,425
Theoretical profit tax (15%)	(364)	(214)
The effect of temporary differences	-	(16)
Profit tax expense	(364)	(230)

14. Intangible assets

Intangible assets as of December 31, 2019 and 2018 comprise:

Book value	Computer Software	Total
31 December 2017	75	75
Additions	-	-
Write off	-	-
31 December 2018	75	75
Additions	6	6
Write off	(2)	(2)
31 December 2019	79	79
Accumulated amortization		
31 December 2017	(17)	(17)
Depreciation charge	(11)	(11)
Depreciation of Written off Asset	-	-
31 December 2018	(28)	(28)
Depreciation charge	(12)	(12)
Depreciation of Written Off Asset	2	2
31 December 2019	(38)	(38)
Net book value		
31 December 2018	47	47
31 December 2019	41	41

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15. Right-of-use asset

Right-Of-Use Asset as at 31 December 2019 and 2018 comprise:

	Office Space	Total
Book value		
31 December 2018	-	-
Adjustment for IFRS 16	-	-
1 January 2019	-	-
Addition	166	166
31 December 2019	166	166
Accumulated depreciation		
31 December 2018	-	-
Adjustment for IFRS 16	-	-
1 January 2019	-	-
Depreciation charge	(69)	(69)
31 December 2019	(69)	(69)
Net book value		
31 December 2018	-	-
31 December 2019	97	97

In accordance with IFRS 16, the Company recognized a right-of-use asset. The Company rents the office space. As of December 31, 2019, the remaining term of the lease agreement is 1 year and 2 months; The contract includes both the right to extend and terminate the lease. The lease agreement stipulates fixed payments amounting to GEL 84 per annum (in thousands).

16. Prepayments

Prepayments as of December 31, 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
CMTPL claims	24	24
Rent prepayment	-	11
Total prepayments	24	35

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17. Insurance receivable

Insurance Receivable as of December 31, 2019 and 2018 comprise:

	December 31 2019	December 31 2018
Insurance receivable in GEL	207	142
Insurance receivable in USD	9	179
Insurance receivable in EUR	2	-
Allowance for impairment	(2)	(2)
Total insurance receivable	216	319

Analysis of movement in allowance for impairment for insurance receivable:

	2019	2018
Balance at the beginning of the year	2	1
Net charge for the year	-	1
Balance at the end of the year	2	2

18. Amounts due from banks

Amounts due from banks as of December 31, 2019 and 2018 comprise:

	31 December 2019			31 December 2018		
	Bank deposit	Interest receivable	Total	Bank deposit	Interest receivable	Total
Amounts due from banks in USD	6,940	17	6,957	4,435	6	4,441
Amounts due from banks in GEL	35	3	38	100	1	101
Total amounts due from banks	6,975	20	6,995	4,535	7	4,542

Bank deposits are represented by short-term (from three months to one year) and medium-term placements in Georgian banks, with annual interest rates ranging from 2.5% to 10% (2018: 1.5% to 10%). The information on the accrued interest is provided in note 10. Amounts due from banks are classified as risk free, given the fact that the banks where the company has deposits are trustworthy.

19. Cash and cash equivalents

Cash and Cash Equivalents as of December 31, 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Cash at bank in national currency	389	174
Cash at bank in foreign currency	32	209
Total cash and cash equivalents	421	383

Cash balance in bank accounts is classified as risk-free.

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20. Lease liability

Lease liability as of 31 December, 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Short term lease liability	80	-
Long term lease liability	14	-
Total lease liability	94	-

	31 December 2019	31 December 2018
Initial recognition	155	-
Interest expense	9	-
Payments during the year	(70)	-
Balance at the end of the year	94	-

31 December 2019	1 year	1-3 Years	3-5 Years	More than 5
Lease payments	84	14	-	-
Finance charge	(4)	-	-	-
Net present value	80	14	-	-

At the date of the initial recognition, the lease liability and the right-to-use asset are not presented by the same amount, and this is caused by the fact that the company decided to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

21. Insurance contract liabilities

Insurance contracts liabilities as of December 31, 2019 and 2018 are as follows:

	Unearned premium provision	Reported but not settled	Incurred but not reported	Total insurance contract liabilities
31 December 2018	348	56	1	405
Increase / (decrease)	(1)	(12)	(1)	(14)
31 December 2019	347	44	-	391

22. Tax liabilities

The Company has a tax liability of GEL 220 as of December 31 2019, which mainly includes corporate income tax. As of December 31 2018, the tax liability is GEL 139.

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23. Trade and other payables

Trade and other payables as of December 31, 2019 and 2018 are as follows:

	31 December 2019	31 December 2018
Payables to principals – deposition	384	113
Trade payables	21	37
Acquisition costs payables	2	16
Total trade and other liabilities	407	166

24. Share capital

Total Share capital	Share, %	31 December 2019	31 December 2018
Çetin Aydın	61%	2,654	2,654
Hüseyin Yaman	39%	1,696	1,696
Total share capital	100%	4,350	4,350

The capital consists of 4,350 (in thousands) ordinary shares. The nominal value of 1 share is GEL 1 (one) (not in thousands).

25. Financial risk management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

	Notes	31 December 2019	31 December 2018
Amounts due from banks	18	6,995	4,542
Cash and cash equivalents	19	421	383
Insurance receivable	17	216	319
Regression receivable		10	-
		7,642	5,244

Credit risk is related to the impairment of the above mentioned financial assets.

Market risk - Derives from (a) interest rate risk (b) currency risk, which is affected by general and specific changes in the market.

Interest rate risk - changes in floating interest rates might adversely impact Company's financial position and cash flow, although the Company's financial instruments are at fixed rates, thus the interest rate risk does not currently affect the Company.

Currency risk - The Company is exposed to effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flow. The Company's assets and liabilities are denominated in more than one currency. If the assets and liabilities in one currency do not match, the Company has an open currency position (OCP) and is exposed to potentially unfavorable changes in exchange rates. The tables below indicate

25. Financial risk management (continued)

the currencies to which the Company had significant exposure at 31 December 2019 and 2018 on its monetary assets and liabilities.

31 December 2019	USD	EUR
Finance assets		
Amounts due from banks	6,957	-
Cash and cash equivalents	32	-
Insurance receivable	8	2
Total finance assets	6,997	2
Finance liabilities		
Insurance contract liabilities	146	7,947
Trade and other payables	-	-
Total finance liabilities	146	7,947
Open currency position as at 31 December 2019	6,851	(7,945)

31 December 2018	USD	EUR
Finance assets		
Amounts due from banks	4,441	-
Cash and cash equivalents	209	-
Insurance receivable	179	-
Total finance assets	4,829	-
Finance liabilities		
Insurance contract liabilities	178	3
Trade and other payables	-	-
Total finance Liabilities	178	3
Open currency position as at 31 December 2018	4,651	(3)

The table below shows the Company's sensitivity to a 15% increase or decrease in the relevant foreign currency. 15% is the sensitivity rate used by the management of a company for internal control of currency risk and is the estimate of the exchange rate difference by the company management.

US dollar impact for 2019		EUR impact for 2019	
15% increase	15% reduction	15% increase	15% reduction
1,028	(1,028)	(1,192)	1,192

US dollar impact for 2018		EUR impact for 2018	
15% increase	15% reduction	15% increase	15% reduction
698	(698)	(0)	(0)

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25. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations. The Company's policy is to run a prudent liquidity management policy by means of holding sufficient cash and bank balances, as well as highly liquid assets for making all operational and debt service related to payments when those become due. The financial liabilities as at 31 December 2019 and 2018 were mostly current.

31 December 2019	< 1 year	1 to 5 years	Total
Financial assets			
Insurance receivable	216	-	216
Cash and cash equivalents	421	-	421
Amounts due from banks	6,995	-	6,995
Total financial assets	7,632	-	7,632
Financial liabilities			
Lease liability	80	14	94
Insurance contract liabilities	391	-	391
Trade and other payables	407	-	407
Total financial liabilities	878	14	892
Difference	6,754	(14)	6,740

31 December 2018	< 1 year	1 to 5 years	Total
Financial assets			
Insurance Receivable	319	-	319
Cash and cash equivalents	383	-	383
Amounts due from banks	4,542	-	4,542
Total financial assets	5,244	-	5,244
Financial liabilities			
Insurance contract liabilities	405	-	405
Trade and other liabilities	166	-	166
Total financial liabilities	571	-	571
Difference	4,673	-	4,673

The Company believes that it will pay all liabilities within the contractual period. To do this, the company expects sufficient cash flows from operating activities.

26. Capital risk management

Capital management objectives, policy and approaches

The main purpose of capital management is to continuously monitor and ensure appropriate levels of capital appropriate to the risks faced by the company. Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- Compliance with the requirements of the State Insurance Supervision Service of Georgia (hereinafter "Supervision Service");
- Ensuring the composition and structure of assets received to cover overdue insurance liabilities and exceeding regulatory requirements; and
- Ensuring the required level of company stability to ensure the quality of the policyholder safety.

The Company's interest is to provide adequate capital resources at any time and to comply with the requirements of relevant nominal regulatory capital. The company has traditionally been a very good source of capital. Maintaining this good capital base is also important for the future goals of the company to increase profitability and to mitigate the effects of major loss events. Part of capital monitoring and management is the company's investment and risk management strategy, which focuses on maintaining a minimum level of funds held by leading Georgian banks. Asset structure controls are also carried out by monthly reports prepared and sent to the founders, containing relevant calculations audited by the Company's financial director.

Regulatory requirements:

- The insurance sector in Georgia is regulated by the Insurance State Supervision Service of Georgia ("ISSSG"). The ISSSG imposes minimum capital requirements for insurance companies. These requirements are put in place to ensure sufficient solvency margins.
- According to the ISSSG directive №27, issued on 25 December 2017, the minimum capital from 31 December 2018 throughout the period should be not less than GEL 4,200 (in thousands) and the Company should, at all times, maintain total of this amount in either cash and cash equivalents or in bank balances.
- The company makes certain adjustments to the IFRS equity in these statements of financial position in order to arrive to the ISSSG prescribed capital.
- The Company manages its capital requirements by preventing shortfalls between reported and required capital levels on a regular basis. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or inject further capital.

The Company was in compliance with the externally imposed capital requirements at the end of the reporting period and no changes were made to its objectives, policies and processes from the previous year for managing capital.

The Regulatory Capital should be at least either RSM or GEL 2,200 (in thousands) throughout the period from 1 January 2018 to 31 December 2018;

The Regulatory Capital should be at least either RSM or GEL 4,200 (in thousands) throughout the period from 31 January 2018. The regulatory capital should not be less than GEL 7,200 throughout the period from 31 December, 2020.

The Regulatory Capital is determined based on the IFRS equity, adjusted for, for example, investments in subsidiaries and associates, unsecured loans and borrowings, etc. as prescribed by the ISSSG directive №16. As at 31 December 2019 these financial statements were authorized for issue, the Company was in compliance with the level of Regulatory Capital in excess of to RSM.

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27. Contingent liabilities

Bank guarantees

The company uses guarantee of one of the banks, which amounted to GEL 35 as of December 31, 2019 and 2018. The subject of the lien is term deposit; deposit amount is 35 GEL (in thousands).

Tax legislation

The taxation system in Georgia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. A tax year remains open for review by the tax authorities during the three subsequent calendar years, however under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Georgia that are more significant than in other countries with more developed taxation systems. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Georgian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

28. Related party balances and transactions

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties or transactions with related parties, as defined by IAS 24 “Related party disclosures”, represent:

- (a) Associates – enterprises on which the Company has significant influence and which is neither a subsidiary nor a joint venture of the investor;
- (b) Joint ventures in which the Company is a venture;
- (c) Members of key management personnel of the Company or its parent;
- (d) Close members of the family of any individuals referred to in (a) or (d);
- (e) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (f) Post-employment benefit plans for the benefit of employees of the Company, or of any entity that is a related party of the Company.

As of December 31, 2018 and 2019, no balances with related parties were recorded, and no transactions with related parties except for the top management.

	2019	2018
Top management salary and other benefits	134	107

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29. Events after reporting period

These financial statements were approved for issuance by the Company's management on March 16, 2020.

The following non-adjusting events took place after the reporting period:

- In February 2020, there was a change in the Company's registered shareholders. Specifically, the new owners of the company are:

JSC „Metro Avrasya Investments Georgia„- 50%;

LLC „Akhali Sainvestitsio Shesadzleblobebi“ - 50%.

- On February 27, 2020 Company changed its name JSC "International insurance company Kamara" to JSC "Green Insurance Georgia".

- In February 2020, Company's share capital has increased and two new classes of shares were issued.

The class of shares already issued and placed by the Company is called A class; therefore, the issued shares are:

A class: 4,350 shares;

AA class: 1,650 shares;

B class: 4,000 shares.

Nominal value of each share in GEL 1 (one).

There were no additional significant events after the reporting date that need to be presented in the financial statements.

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